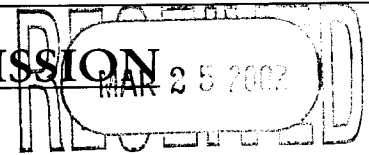


3/25/02 assessment db updated cm

ARIZONA CORPORATION  
COMMISSION

**ARIZONA CORPORATION COMMISSION**  
**UTILITIES DIVISION**



Director of Utilities

**ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY**

D

W-02124A

DESERT HILLS WATER CO., INC.  
34647 N. 10<sup>TH</sup> STREET  
PHOENIX, AZ 85086

**ANNUAL REPORT**

**FOR YEAR ENDING**

12	31	2001
----	----	------

Entered  
3/25/02  
cm

FOR COMMISSION USE

ANNUAL	01
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## COMPANY INFORMATION

<b>Company Name (Business Name)</b> <u>DESERT HILLS WATER CO., INC.</u>		
Mailing Address <u>34647 N. 10<sup>TH</sup> STREET</u>		
<u>PHOENIX</u>	<u>AZ</u>	<u>85086</u>
(City)	(State)	(Zip)
<u>(623) 582-0219</u>	<u>(623) 582-1365</u>	<u>(623) 780-9342</u>
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)
Email Address _____		
Local Office Mailing Address <u>SAME AS ABOVE</u>		
(Street)		
_____	_____	_____
(City)	(State)	(Zip)
Local Office Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)
Email Address _____		

## MANAGEMENT INFORMATION

<b>Management Contact:</b> <u>MARY BETH ROWLAND</u>		
(Name)		(Title)
<u>34647 N. 10<sup>TH</sup> STREET</u>	<u>PHOENIX</u>	<u>AZ</u>
(Street)	(City)	(State)
<u>(623) 582-0219</u>	<u>(623) 582-1365</u>	
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)
Email Address _____		
<b>On Site Manager:</b> <u>SAME AS ABOVE</u>		
(Name)		
_____	_____	_____
(Street)	(City)	(State)
_____	_____	_____
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)
Email Address _____		

**Statutory Agent:** RICHARD L. SALLQUIST

(Name)

2525 E. BILTMORE CIR # 117

(Street)

PHOENIX

(City)

AZ

85016

(State)

(Zip)

(602) 224-9222

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

**Attorney:** SAME AS ABOVE

(Name)

(Street)

(City)

(State)

(Zip)

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

### OWNERSHIP INFORMATION

Check the following box that applies to your company:

☐ **Sole Proprietor (S)**

☐ **C Corporation (C) (Other than Association/Co-op)**

☐ **Partnership (P)**

☒ **Subchapter S Corporation (Z)**

☐ **Bankruptcy (B)**

☐ **Association/Co op (A)**

☐ **Receivership (R)**

☐ **Limited Liability Company**

☐ **Other (Describe)** \_\_\_\_\_

### COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

☐ **APACHE**

☐ **COCHISE**

☐ **COCONINO**

☐ **GILA**

☐ **GRAHAM**

☐ **GREENLEE**

☐ **LA PAZ**

☒ **MARICOPA**

☐ **MOHAVE**

☐ **NAVAJO**

☐ **PIMA**

☐ **PINAL**

☐ **SANTA CRUZ**

☐ **YAVAPAI**

☐ **YUMA**

☐ **STATEWIDE**

<b>COMPANY NAME</b>
<b>DESERT HILLS WATER CO., INC.</b>

**UTILITY PLANT IN SERVICE**

<b>Acct. No.</b>	<b>DESCRIPTION</b>	<b>Original Cost (OC)</b>	<b>Accumulated Depreciation (AD)</b>	<b>O.C.L.D. (OC less AD)</b>
301	Organization	6,524		6,524
302	Franchises			
303	Land and Land Rights	64,176		64,176
304	Structures and Improvements	29,852	11,519	18,333
307	Wells and Springs	142,153	54,850	87,303
311	Pumping Equipment	357,916	138,103	219,813
320	Water Treatment Equipment	8,226	3,174	5,052
330	Distribution Reservoirs and Standpipes	337,511	130,230	207,281
331	Transmission and Distribution Mains	2,764,894	1,066,845	1,698,049
333	Services	44,384	17,126	27,258
334	Meters and Meter Installations	180,144	69,509	110,635
335	Hydrants	8,229	3,175	5,054
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment	94,350	36,405	57,945
341	Transportation Equipment	42,850	16,534	26,316
343	Tools, Shop and Garage Equipment	74,456	28,729	45,727
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	<b>SUBTOTALS</b>	<b>4,155,665</b>	<b>1,576,199</b>	<b>2,579,466</b>
	Book Value Retired Plant		(2,669)	2,669
	<b>TOTALS</b>	<b>4,155,665</b>	<b>1,573,530</b>	<b>2,582,135</b>

This amount goes on the Balance Sheet Acct. No. 108

<b>COMPANY NAME</b> <b>DESERT HILLS WATER CO., INC.</b>
--

### **CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR**

<b>Acct. No.</b>	<b>DESCRIPTION</b>	<b>Original Cost (1)</b>	<b>Depreciation Percentage (2)</b>	<b>Depreciation Expense (1x2)</b>
301	Organization	6,524		
302	Franchises			
303	Land and Land Rights	64,176		
304	Structures and Improvements	29,852	5%	1,492
307	Wells and Springs	142,153	5%	7,108
311	Pumping Equipment	357,916	5%	15,609
320	Water Treatment Equipment	8,226	5%	411
330	Distribution Reservoirs and Standpipes	337,511	5%	16,087
331	Transmission and Distribution Mains	2,764,894	5%	131,029
333	Services	44,384	5%	1,807
334	Meters and Meter Installations	180,144	5%	8,967
335	Hydrants	8,229	5%	271
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment	94,350	5%	4,356
341	Transportation Equipment	42,850	5%	1,984
343	Tools, Shop and Garage Equipment	74,456	5%	3,382
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	<b>SUBTOTALS</b>	<b>4,155,665</b>		<b>192,503</b>
	Less: Amortization of Contributions			(39,731)
	Plus: Depreciation on Retired Plant			544
	<b>TOTALS</b>	<b>4,155,665</b>		<b>153,316</b>

This amount goes on Comparative Statement of Income and Expense Acct. No. 403.

**COMPANY NAME****DESERT HILLS WATER CO., INC.****BALANCE SHEET**

<b>Acct. No.</b>		<b>BALANCE AT BEGINNING OF YEAR</b>	<b>BALANCE AT END OF YEAR</b>
	<b>ASSETS</b>		
	<b>CURRENT AND ACCRUED ASSETS</b>		
131	Cash	\$ 244,912	\$ 265,923
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable		
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies		
162	Prepayments		
174	Miscellaneous Current and Accrued Assets	7,157	4,771
	<b>TOTAL CURRENT AND ACCRUED ASSETS</b>	<b>\$ 252,069</b>	<b>\$ 270,694</b>
	<b>FIXED ASSETS</b>		
101	Utility Plant in Service	\$ 3,685,857	\$ 4,155,665
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation - Utility Plant	1,380,483	1,573,530
121	Non-Utility Property		
122	Accumulated Depreciation - Non Utility		
	<b>TOTAL FIXED ASSETS</b>	<b>\$ 2,305,374</b>	<b>\$ 2,582,135</b>
	<b>TOTAL ASSETS</b>	<b>\$ 2,557,443</b>	<b>\$ 2,852,829</b>

NOTE: The Assets on this page should be equal to Total Liabilities and Capital on the following page

**COMPANY NAME****DESERT HILLS WATER CO., INC.****BALANCE SHEET (CONTINUED)**

<b>Acct. No.</b>		<b>BALANCE AT BEGINNING OF YEAR</b>	<b>BALANCE AT END OF YEAR</b>
	<b>LIABILITIES</b>		
	<b>CURRENT LIABILITES</b>		
231	Accounts Payable	\$ 246	\$ 246
232	Notes Payable (Current Portion)	40,329	0
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits	42,088	40,850
236	Accrued Taxes	24,678	0
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities	5,108	5,108
	<b>TOTAL CURRENT LIABILITIES</b>	\$ 112,449	\$ 46,204
	<b>LONG-TERM DEBT (Over 12 Months)</b>		
224	Long-Term Notes and Bonds		
	<b>DEFERRED CREDITS</b>		
251	Unamortized Premium on Debt		
252	Advances in Aid of Construction	2,006,827	2,313,965
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction	739,827	849,403
272	Less: Amortization of Contributions	167,281	207,012
281	Accumulated Deferred Income Tax		
	<b>TOTAL DEFERRED CREDITS</b>	\$ 2,579,373	\$ 2,956,356
	<b>TOTAL LIABILITIES</b>	\$ 2,691,822	\$ 3,002,560
	<b>CAPITAL ACCOUNTS</b>		
201	Common Stock Issued	\$ 53,620	\$ 53,620
211	Paid in Capital in Excess of Par Value		
215	Retained Earnings	(187,999)	(203,351)
218	Proprietary Capital (Sole Props and Partnerships)		
	<b>TOTAL CAPITAL</b>	\$ (134,379)	\$ (149,731)
	<b>TOTAL LIABILITIES AND CAPITAL</b>	\$ 2,557,443	\$ 2,852,829

**COMPANY NAME****DESERT HILLS WATER CO., INC.****COMPARATIVE STATEMENT OF INCOME AND EXPENSE**

<b>Acct. No.</b>	<b>OPERATING REVENUES</b>	<b>PRIOR YEAR</b>	<b>CURRENT YEAR</b>
461	Metered Water Revenue	\$ 848,281	\$ 886,066
460	Unmetered Water Revenue		
474	Other Water Revenues	22,186	4,067
	<b>TOTAL REVENUES</b>	<b>\$ 870,467</b>	<b>\$ 890,133</b>
	<b>OPERATING EXPENSES</b>		
601	Salaries and Wages	\$ 201,730	\$ 182,077
610	Purchased Water	12,460	21,685
615	Purchased Power	75,672	78,978
618	Chemicals		
620	Repairs and Maintenance	20,790	18,706
621	Office Supplies and Expense	24,449	28,594
630	Outside Services	25,508	25,161
635	Water Testing	6,940	7,993
641	Rents	1,000	12,000
650	Transportation Expenses	7,923	8,982
657	Insurance - General Liability	14,105	22,769
659	Insurance - Health and Life	16,253	17,700
666	Regulatory Commission Expense - Rate Case		
675	Miscellaneous Expense	50,173	41,473
403	Depreciation Expense	141,107	153,316
408	Taxes Other Than Income	16,450	13,960
408.11	Property Taxes	49,357	56,007
409	Income Tax		
	<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 663,917</b>	<b>\$ 689,401</b>
	<b>OTHER INCOME/EXPENSE</b>		
419	Interest and Dividend Income	\$ 4,458	\$ 4,099
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	9,901	7,304
	<b>TOTAL OTHER INCOME/EXP</b>	<b>\$ (5,443)</b>	<b>\$ (3,205)</b>
	<b>NET INCOME/(LOSS)</b>	<b>\$ 201,107</b>	<b>\$ 197,527</b>



<b>COMPANY NAME</b> DESERT HILLS WATER CO., INC.
--

**SUPPLEMENTAL FINANCIAL DATA**  
**Long-Term Debt**

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued				
Source of Loan				
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued	\$	\$	\$	\$
Amount Outstanding	\$	\$	\$	\$
Date of Maturity				
Interest Rate				
Current Year Interest	\$	\$	\$	\$
Current Year Principle	\$	\$	\$	\$

Meter Deposit Balance at Test Year End

\$148,814

Meter Deposits Refunded During the Test Year

\$21,606

**COMPANY NAME**    **DESERT HILLS WATER CO., INC.**

**WATER COMPANY PLANT DESCRIPTION**

**WELLS**

<b>ADWR ID Number</b>	<b>Pump Horsepower</b>	<b>Pump Yield (Gpm)</b>	<b>Casing Size (inches)</b>	<b>Meter Size (inches)</b>
55-631199	60	220	8	4
55-087697	20	100	8	4
55-559936	75	420	10	4

**OTHER WATER SOURCES**

<b>Name or Description</b>	<b>Capacity (gpm)</b>	<b>Gallons Purchased or Obtained (in thousands)</b>
CAVE CREEK WATER CO.	100-400	9,925.68

**TOTAL GALLONS PUMPED (NOT SOLD) THIS YEAR =**    184,442,976

<b>BOOSTER PUMPS</b>		<b>FIRE HYDRANTS</b>	
<b>Horsepower</b>	<b>Quantity</b>	<b>Quantity Standard</b>	<b>Quantity Other</b>
7.5	2	51	
15	6		
25	4		

<b>STORAGE TANKS</b>		<b>PRESSURE TANKS</b>	
<b>Capacity</b>	<b>Quantity</b>	<b>Capacity</b>	<b>Quantity</b>
20,000	1	5,000	3
107,000	1		
103,000	1		
250,000	1		
300,000	1		

## STATISTICAL INFORMATION

Total number of customers	<u>1254</u>	
Total number of gallons sold	<u>190,935,921</u>	gallons

**COMPANY NAME** DESERT HILLS WATER CO., INC.

**YEAR ENDING 12/31/2001**

**INCOME TAXES**

For this reporting period, provide the following:

Federal Taxable Income Reported	<u>N/A</u>
Estimated or Actual Federal Tax Liability	<u>N/A</u>

State Taxable Income Reported	<u>N/A</u>
Estimated or Actual State Tax Liability	<u>N/A</u>

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances	<u>N/A</u>
Amount of Gross-Up Tax Collected	<u>N/A</u>
Total Grossed-Up Contributions/Advances	<u>N/A</u>

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

**CERTIFICATION**

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

\_\_\_\_\_  
**SIGNATURE**

\_\_\_\_\_  
**DATE**

\_\_\_\_\_  
**PRINTED NAME**

\_\_\_\_\_  
**TITLE**

COMPANY NAME DESERT HILLS WATER CO., INC. YEAR ENDING 12/31/2001

**WATER AND SEWER  
UTILITIES ONLY**

**PROPERTY TAXES**

Indicate the amount of actual property taxes paid during this reporting period (Calendar Year 2001)

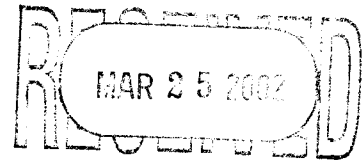
\$ 80,686

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled Checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain reasons below:

**VERIFICATION  
AND  
SWORN STATEMENT**  
Intrastate Revenues Only

ARIZONA CORPORATION  
COMMISSION



**VERIFICATION**

**STATE OF ARIZONA**

**I, THE UNDERSIGNED**

**OF THE**

COUNTY OF (COUNTY NAME) <b>MARICOPA</b>	Director of Utilities
NAME (OWNER OR OFFICIAL) TITLE <b>MARY B. ROWLAND</b>	
COMPANY NAME <b>DESERT HILLS WATER CO., INC.</b>	

**DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION**

**FOR THE YEAR ENDING**

MONTH	DAY	YEAR
12	31	2001

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

**SWORN STATEMENT**

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2001 WAS:

Arizona IntraState Gross Operating Revenues Only (\$)

\$ 944,356

(THE AMOUNT IN BOX ABOVE

INCLUDES \$ 54,223

IN SALES TAXES BILLED, OR COLLECTED

**\*\*REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**

**SUBSCRIBED AND SWORN TO BEFORE ME**

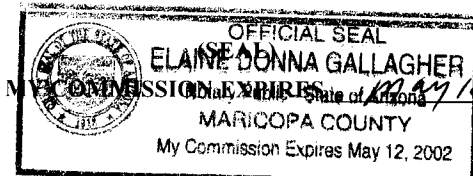
**A NOTARY PUBLIC IN AND FOR THE COUNTY OF**

**THIS** 22nd **DAY OF**

Mary B. Rowland  
SIGNATURE OF OWNER OR OFFICIAL  
623-582-0219  
TELEPHONE NUMBER

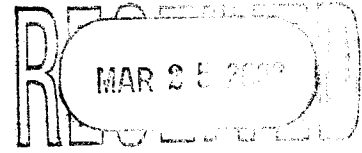
COUNTY NAME <b>MARICOPA</b>	
MONTH <b>MARCH</b>	<b>2002</b>

Elaine Donna Gallagher  
SIGNATURE OF NOTARY PUBLIC



**VERIFICATION  
AND  
SWORN STATEMENT  
RESIDENTIAL REVENUE  
INTRASTATE REVENUES ONLY**

ARIZONA CORPORATION  
COMMISSION



Director of Utilities

**VERIFICATION**

**STATE OF ARIZONA**

**I, THE UNDERSIGNED**

**OF THE**

(COUNTY NAME)	MARICOPA	
NAME (OWNER OR OFFICIAL)	MARY BROWLAND	TITLE PRESIDENT <i>vice</i>
COMPANY NAME	DESERT HILLS WATER CO., INC.	

**DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION**

**FOR THE YEAR ENDING**

MONTH	DAY	YEAR
12	31	2001

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

**SWORN STATEMENT**

**IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2001 WAS:**

ARIZONA INTRASTATE GROSS OPERATING REVENUES

\$ 827,256

(THE AMOUNT IN BOX AT LEFT  
INCLUDES \$ 47,499  
IN SALES TAXES BILLED, OR COLLECTED

**\*RESIDENTIAL REVENUE REPORTED ON THIS PAGE  
MUST INCLUDE SALES TAXES BILLED.**

X Mary Browland  
SIGNATURE OF OWNER OR OFFICIAL

**SUBSCRIBED AND SWORN TO BEFORE ME**

**A NOTARY PUBLIC IN AND FOR THE COUNTY OF**

**THIS** OFFICIAL SEAL **DAY OF**

**(SEAL)**  
ELAINE DONNA GALLAGHER  
Notary Public - State of Arizona  
MARICOPA COUNTY  
My Commission Expires May 12, 2002

**MY COMMISSION EXPIRES** May 12 2002

NOTARY PUBLIC NAME <u>Elaine Donna Gallagher</u>	
COUNTY NAME <u>MARICOPA</u>	
MONTH <u>MARCH</u>	<u>2002</u>

X Elaine Donna Gallagher  
SIGNATURE OF NOTARY PUBLIC

FROM :

FAX NO. :

Mar. 25 2002 09:43AM P2

17506

**DESERT HILLS WATER CO.**

34647 N. TENTH ST.  
PHOENIX, ARIZONA 85086  
(623) 582-0219

BANK OF AMERICA, ARIZONA

91-170/1221

10/26/2001

AY

OTHER  
ORDER OF

Maricopa County Treasurer

\$ \*\*27,931.35

**DOLLARS**

Twenty-Seven Thousand Nine Hundred Thirty-One and 35/100\*\*\*\*\*

Maricopa County Treasurer  
P.O. Box 78574  
Phoenix, AZ 85062-8574

*Mary B. Roulleau*  
AUTHORIZED SIGNATURE

MEMO

2001 1st 1/2 prop taxes 607-79-700 & 607-79-707

⑈017506⑈ ⑆122101706⑆ 000067120699⑈

⑈0002793135⑈

Security Features: Details on back.

ENDORSE HERE

CREDIT TO ACCT OF  
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OUT PREJUDICE  
IN ABSENCE OF ENDORSE-  
MENT GUARANTEED BY  
BANK ONE AZ NA

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BANK ONE, ARIZONA, N.A.  
PHOENIX, ARIZONA

3250432750

154071642



17698

**DESERT HILLS WATER CO.**

34647 N. TENTH ST.  
PHOENIX, ARIZONA 85086  
(623) 582-0219

BANK OF AMERICA, ARIZONA

91-170/1221

12/28/2001

**PAY**

TO THE  
ORDER OF

Maricopa County Treasurer

\$ \*\*27,931.35

**DOLLARS**

Twenty-Seven Thousand Nine Hundred Thirty-One and 35/100\*\*\*\*\*

Maricopa County Treasurer  
P.O. Box 78574  
Phoenix, AZ 85062-8574

*Mary B. Lowland*  
AUTHORIZED SIGNATURE

MEMO

2001 2nd 1/2 prop taxes 607-79-700 & 607-79-707

⑈017698⑈ ⑆122101706⑆ 000067120699⑈ ⑈0002793135⑈

⑈017698⑈ ⑆122101706⑆ 000067120699⑈ ⑈0002793135⑈

**ED**

010202 002 701 208 067 4 60779700 0 0085010202

CHIEF OF POLICE  
CLERK OF SUPERIOR COURT  
COUNTY CLERK  
ATTORNEY GENERAL  
MENTAL HEALTH  
ELECTORAL

DO NOT WRITE STAMP OR SIGN BELOW THIS LINE

2001-03-26

ENDORSE HERE

JA '02' 02

22100024 01/03/02 E2403 01 P01  
BANK ONE, NA  
PHOENIX, ARIZONA

3250790639

0101000000

**ULLMANN  
& COMPANY P.C.**  
**Certified Public Accountants**

To The Board of Directors of  
Desert Hills Water Company, Inc.  
Phoenix, Arizona

We have compiled the balance sheet of Desert Hills Water Company, Inc. as of December 31, 2001 and 2000, and the related comparative statement of income and expenses for the years then ended included in the accompanying prescribed form in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

Our compilation was limited to presenting in the form prescribed by the Arizona Corporation Commission information that is the representation of management. We have not audited or reviewed the financial statements referred to above and, accordingly, do not express an opinion or any other form of assurance on them.

These financial statements are presented in accordance with the requirements of the Arizona Corporation Commission, which differ from generally accepted accounting principles. Accordingly, these financial statements are not designed for those who are not informed about such differences.

All other information contained in the accompanying prescribed form has not been audited, reviewed, or compiled by us and, accordingly, we assume no responsibility for that information.

*Ullmann & Company*

ULLMANN & COMPANY, P.C.  
Certified Public Accountants

March 19, 2002